

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Global Expedited Package Services 7
(MC2016-196)
Negotiated Service Agreement

Docket No. CP2018-25

PUBLIC REPRESENTATIVE COMMENTS ON
THE UNITED STATES POSTAL SERVICE NOTICE OF
MODIFICATION ONE TO A GLOBAL EXPEDITED PACKAGE SERVICES 7
NEGOTIATED SERVICE AGREEMENT

(July 24, 2018)

The Public Representative hereby provides comments pursuant to the Commission's Notice Initiating Docket(s).¹ In that Notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of a modification to a Global Expedited Package Services 7 (GEPS 7) agreement.² Most information is redacted and filed under seal, but the Postal Service does provide some un-redacted information.

In Order No. 4191, the Commission approved the Postal Service's request to add an additional GEPS 7 agreement within the GEPS 7 product.³ The Modification updates an important article regarding pricing. The intended effective date of the Modification is August 1, 2018.

COMMENTS

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, July 17, 2018 (Notice).

² USPS Notice of Modification One to a Global Expedited Package Services 7 Negotiated Service Agreement, July 16, 2018 (Modification).

³ See Order No. 4191, Order Adding Additional GEPS 7 Negotiated Service Agreement to the Competitive Product List, Docket Nos. MC2016-196/CP2018-25, October 30, 2017.

The Public Representative has reviewed the original GEPS 7 agreement and the Postal Service's Modification. Based upon that review, the Public Representative recommends Commission approval of Modification One. It appears that the contract as amended should continue to generate sufficient revenues to cover costs and thereby satisfies the standards of 39 U.S.C. § 3633(a).

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial model, it appears the prices as modified should continue to generate sufficient revenues to cover costs during rest of the contract's duration. In addition, the Postal Service must file revenue and cost data for GEPS 7 in future Annual Compliance Reports. This data will permit the Commission to annually review the financial results for GEPS 7 in future Annual Compliance Determination (ACD) reports for compliance with 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

Christopher Mohr
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6857
Christopher.Mohr@prc.gov